

APPENDIX 4D

HALF YEARLY INFORMATION GIVEN TO THE
ASX UNDER LISTING RULE 4.2A

PPK GROUP LIMITED

ABN 65 003 964 181

HALF YEAR ENDED 31 DECEMBER 2015

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HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2015 \$000s	31 December 2014 \$000s	Change \$000s	Change %
REVENUES	13,958	17,662	(3,704)	-21%
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	(5,104)	1,309	(6,413)	-490%
PROFIT/(LOSS) BEFORE TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	(5,127)	1,136	(6,263)	-551%
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	(4,994)	1,021	(6,015)	-589%
EARNINGS PER SHARE	cents (8.6)	cents 1.8	cents (10.4)	-578%
NET TANGIBLE ASSET PER SHARE	cents 28.1	cents 41.5	cents (13.4)	-32%

DIVIDENDS

FY2015 FULLY FRANKED INTERIM DIVIDEND PER SHARE

1.50 cents

FY2016 FULLY FRANKED INTERIM DIVIDEND PER SHARE

Nil cents



**PPK GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 65 003 964 181**

HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of PPK Group Limited and its controlled entities for the half year ended 31 December, 2015.

DIRECTORS

The names of directors in office at any time during or since the financial period are:

Robin Levison
Jury Wowk (resigned 5 May 2017)
Glenn Molloy
Raymond Beath (resigned 7 March 2017)
Graeme Webb
Dale McNamara

REVIEW OF OPERATIONS

PPK reported a net loss after tax attributable to owners of PPK of \$4.994M of which \$3.936M was attributable to the Mining Equipment division. Refer note 5 for significant events and transactions for the reporting period.

DIVIDENDS

The Board of Directors has resolved not to pay a dividend for the half year ended 31 December 2015.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the period are disclosed in note 5 in Half-year Report 31 December 2015.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

ROUNDING OF AMOUNTS

The parent entity has applied the relief available to it in ASIC Class Order 98/100 and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'R. Levison', written in a cursive style.

ROBIN LEVISON
Executive Chairman

Dated this 23rd day of June 2017

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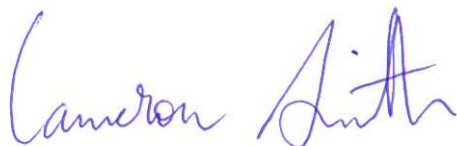
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PPK GROUP LIMITED**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of PPK Group Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Cameron Smith
Partner – Audit & Assurance

Brisbane, 23 June 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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PPK GROUP LIMITED

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Half-Year Ended 31 December 2015**

	Note	CONSOLIDATED ENTITY	
		31 December	31 December
		2015	2014
		\$000s	\$000s
REVENUES			
Mining equipment manufacture		13,324	15,712
Investment properties		291	1,094
Investment activities		-	22
Interest revenue		343	834
Total Revenue	6a	13,958	17,662
OTHER INCOME			
Gain from bargain purchase in business combination		-	1,636
Other	6b	6	2,240
EXPENDITURE			
Mining equipment manufacture		(17,260)	(16,058)
Investment properties		(13)	(164)
Investment activities		(83)	(567)
Administrative expenses		(1,217)	(2,177)
Share-based payment expense		(103)	(70)
Business combination acquisition costs		-	(240)
Finance costs		(392)	(998)
Total Expenditure		(19,068)	(20,274)
Share of profit of associates accounted for using the equity method	6c	-	45
Profit/(Loss) before income tax expense		(5,104)	1,309
Income tax (expense)/benefit attributable to profit		133	(132)
Profit/(Loss) after income tax		(4,971)	1,177
Profit/(Loss) after tax is attributable to:			
Owners of PPK Group Limited		(4,994)	1,021
Non-controlling interests		23	156
		(4,971)	1,177
OTHER COMPREHENSIVE INCOME			
Changes in fair value on available-for-sale financial assets		631	400
Provision for income tax on changes in fair value		-	(120)
Transferred to profit or loss from the asset revaluation reserve		-	(41)
Provision for income tax thereon		-	12
Foreign currency translation of controlled entities		(5)	-
Other comprehensive income net of income tax		626	251
Total comprehensive income for the half year		(4,345)	1,428
Total comprehensive income for the half year is attributable to:			
Owners of PPK Group Limited		(4,368)	1,272
Non-controlling interests		23	156
		(4,345)	1,428
Earnings per share from continuing operations			
	8	Cents	Cents
Total basic earnings per shares		(8.6)	1.8
Diluted earnings per share		(8.6)	1.4

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

PPK GROUP LIMITED
Consolidated Statement of Financial Position
for the Half-Year Ended 31 December 2015

	CONSOLIDATED ENTITY	
	31 December	30 June
	2015	2015
	\$000s	\$000s
CURRENT ASSETS		
Cash and cash equivalents	1,824	2,476
Trade and other receivables	9,232	9,389
Inventories	11,201	11,437
Other current assets	439	627
Current tax assets	94	178
TOTAL CURRENT ASSETS	22,790	24,107
NON-CURRENT ASSETS		
Trade and other receivables	1,134	4,139
Investments in associated entities - equity accounted	408	408
Other financial assets	14	4,169
Investment properties	3,446	3,468
Property, plant and equipment	8,433	9,051
Deferred tax assets	-	-
Intangible assets	111	120
TOTAL NON-CURRENT ASSETS	17,701	20,719
TOTAL ASSETS	40,491	44,826
CURRENT LIABILITIES		
Trade and other payables	6,569	7,381
Interest bearing liabilities	4,149	7,137
Current tax liabilities	-	-
Provisions	1,724	2,064
TOTAL CURRENT LIABILITIES	12,442	16,582
NON-CURRENT LIABILITIES		
Interest bearing liabilities	5,730	1,421
Deferred tax liabilities	-	-
Provisions	1,580	1,818
TOTAL NON-CURRENT LIABILITIES	7,310	3,239
TOTAL LIABILITIES	19,752	19,821
NET ASSETS	20,739	25,005
SHAREHOLDERS' EQUITY		
Contributed equity	9	34,625
Share options reserve	10	1,338
Reserves		2,273
Retained earnings		(17,499)
Capital and reserves attributable to owners of PPK Group Ltd		20,737
Non-controlling interests		2
TOTAL EQUITY		20,739

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

PPK GROUP LIMITED
Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2015

	CONSOLIDATED ENTITY	
	31 December 2015	31 December 2014
	\$000s	\$000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	14,358	19,706
Cash payments to suppliers and employees	(18,875)	(18,818)
Interest received	198	54
Dividends received	-	22
Income tax received (paid)	217	(95)
Interest and costs of borrowings	(295)	(962)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(4,397)	(93)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment property	-	(68)
Purchase of property, plant and equipment	(136)	(900)
Purchase of available-for-sale financial assets	-	(99)
Payments for acquisition of business	-	(1,770)
Business purchase acquisition costs	-	(240)
Proceeds from sale of property, plant and equipment	118	12,415
Proceeds on sale of subsidiaries (net of cash lost on deconsolidation)	-	942
Proceeds from sale of available-for-sale financial assets	-	901
Payments for intangible assets	-	(255)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(18)	10,926
CASH FLOWS FROM FINANCING ACTIVITIES		
Other receivables - loans advanced	(2,819)	(251)
Other receivables - loans repaid	5,386	1,900
Proceeds from borrowings	8,030	1,000
Repayment of borrowings and bank loans	(6,806)	(14,357)
Dividends paid	-	(1,143)
Transactions with non-controlling interests	(23)	7
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	3,768	(12,844)
Net increase (decrease) in cash held	(647)	(2,011)
Cash at the beginning of the financial period	2,476	4,904
Effects of exchange rate changes on cash & cash equivalents	(5)	-
	<hr/>	<hr/>
Cash at the end of the financial period	1,824	2,893

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

PPK GROUP LIMITED
Consolidated Statement of Changes in Equity
for the Half-Year Ended 31 December 2015

	Issued capital \$'000s	Retained earnings \$'000s	Share Options Reserve \$'000s	Available-for-sale Reserve \$'000s	Foreign Currency Translation Reserve \$'000s	Total Attributable to Owners of PPK Group Ltd \$'000s	Non-controlling Interests \$'000s	Total Equity \$'000s
At 1 July 2014	33,731	2,160	1,338	54	-	37,283	150	37,433
Total comprehensive income for the half year								
Profit for the period	-	1,021	-	-	-	1,021	156	1,177
Other comprehensive income								
Fair value adjustment on available-for-sale financial assets	-	-	-	400	-	400	-	400
less deferred tax impact	-	-	-	(120)	-	(120)	-	(120)
Realised gain on sale of available-for-sale financial assets	-	-	-	(41)	-	(41)	-	(41)
Less deferred tax impact	-	-	-	12	-	12	-	12
Total comprehensive income for the half year	-	1,021	-	251	-	1,272	156	1,428
Transactions with owners in their capacity as owners								
Dividends paid	-	(1,453)	-	-	-	(1,453)	-	(1,453)
Trust distributions due to non-controlling interests	-	-	-	-	-	-	(153)	(153)
Shares issued - share and loan plan	310	-	-	-	-	310	-	310
Employee share-based payment	-	-	70	-	-	70	-	70
Share buyback	-	-	-	-	-	-	-	-
	310	(1,453)	70	-	-	(1,073)	(153)	(1,226)
At 31 December 2014	34,041	1,728	1,408	305	-	37,482	153	37,635
Total comprehensive income for the half year								
Profit/(Loss) for the period	-	(13,143)	-	-	-	(13,143)	178	(12,965)
Other comprehensive (loss)/income								
Fair value adjustment on available-for-sale financial assets	-	-	-	1,426	-	1,426	-	1,426
less deferred tax impact	-	-	-	120	-	120	-	120
Realised gain on sale of available-for-sale financial assets	-	-	-	(211)	-	(211)	-	(211)
less deferred tax impact	-	-	-	(12)	-	(12)	-	(12)
Realised loss on sale of available-for-sale financial assets	-	-	-	18	-	18	-	18
less deferred tax impact	-	-	-	-	-	-	-	-
Foreign currency translation of controlled entities	-	-	-	-	2	2	-	2
Total comprehensive income for the half-year	-	(13,143)	-	1,341	2	(11,800)	178	(11,622)
Transactions with owners in their capacity as owners								
Dividends paid	-	(1,090)	-	-	-	(1,090)	-	(1,090)
Trust distributions	-	-	-	-	-	-	(295)	(295)
Loss on Consolidation	-	-	-	-	-	-	(34)	(34)
Shares issued - share and loan plan	233	-	-	-	-	233	-	233
Employee share-based payment - options	-	-	327	-	-	327	-	327
Shares repurchased	(149)	-	-	-	-	(149)	-	(149)
	84	(1,090)	327	-	-	(679)	(329)	(1,008)
At 1 July 2015	34,125	(12,505)	1,735	1,646	2	25,003	2	25,005
Total comprehensive income for the half year								
Profit/(Loss) for the period	-	(4,994)	-	-	-	(4,994)	23	(4,971)
Other comprehensive income								
Fair value adjustment on available-for-sale financial assets	-	-	-	631	-	631	-	631
Foreign currency translation of controlled entities	-	-	-	-	(5)	(5)	-	(5)
Total comprehensive income for the half-year	-	(4,994)	-	631	(5)	(4,368)	23	(4,345)
Transactions with owners in their capacity as owners								
Dividends paid	-	-	-	-	-	-	-	-
Trust distributions due to non-controlling interests	-	-	-	-	-	-	(24)	(24)
Employee share-based payment - options	-	-	103	-	-	103	-	103
Shares issued - share based payment	500	-	(500)	-	-	-	-	-
At 31 December 2015	34,625	(17,499)	1,338	2,277	(3)	20,738	1	20,739

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

PPK GROUP LIMITED
Notes to and Forming Part of the Accounts
For the Half-Year Ended 31 December 2015

Note 1. Nature of operations

The principal activities of the Group were:

- design, manufacture and distribution of underground mining equipment
- property ownership and management, and
- investment in publicly listed and privately held businesses

There were no other significant changes in the nature of the Group's principal activities during the period. Refer to note 12 for further information about the Group's operating segments.

Note 2. General Information and Basis of Preparation

These condensed interim consolidated financial statements (the interim financial statements) of the Group are for 6 months ended 31 December 2015 and are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 "Interim Financial Reporting".

They do not include all of the information required in annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the board of directors on 23 June 2017.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. As articulated in this report, the financial performance for the group's Mining Equipment business segment has been materially impacted by the severe economic conditions affecting the underground coal mining industry during the financial year and subsequently. In particular, customer capital expenditure restrictions have been detrimental to PPK's Coaltram mining equipment sales. Accordingly, in the half year the Group recorded a loss of \$4,971,000 after tax and consumed \$4,397,000 in operating cash flows. On 23 June 2017, being the date of approval of the financial report, the Directors believe it is appropriate to prepare the financial report on a going concern basis. In making this assessment the directors have identified and considered:

- As at the end of the half year, and at all times subsequently, the Group has been able to meet its obligations as and when they fell due;
- The Group currently enjoys low levels of debt financing and the Directors are confident that additional debt financing would be available if required;
- Industry conditions and the operating performance of the group's mining equipment segment is improving and the company is currently responding to enquiries for the sale of Coaltram mining equipment with a number of customers; and
- The Group has a history of strong support from the majority of shareholders and has an expectation that this will continue.

Note 3. Significant Accounting Policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these interim financial statements.

Note 4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last financial statements for the year ended 30 June 2015.

Note 5. Significant events and transactions

Winding up and deconsolidation of SLOT Loan Trust

In September 2015, Supported Living on Tweed Pty Ltd (borrower) repaid \$3.235M in loans payable to the SLOT Loan Trust. In turn the SLOT Loan Trust repaid \$1.684M to external lenders. These comprised the primary assets and liabilities of the trust, accordingly, the SLOT loan trust has been wound up during the year and accordingly been deconsolidated from the Group.

Debt Restructure

During the year, PPK borrowed \$2.550M from Neruj Pty Ltd ATF Wemole Funding Trust. The loan attracts interest at 15% per annum, has an initial 12 month term and is secured by second mortgage over the property located at 13A Stanton Road, Seven Hill. PPK Directors Glenn Molloy, Graeme Webb and Robin Levison share beneficial ownership and control of the trust. Proceeds from this loan were primarily used to fully repay the existing National Australia Bank commercial bill facility of \$2.210M. In January 2017, upon sale of the Seven Hills Industrial property, the Neruj loan was repaid in full.

In October 2015, the Commonwealth Bank market rate loan of \$2.729M owed by PPK Mining Equipment Pty Ltd (wholly owned PPK subsidiary) was assigned to Seven Hills Property Holdings Pty Ltd (wholly owned PPK subsidiary) along with all the associated security interests. The assignment was funded by Seven Hills Property Holdings Pty Ltd borrowing an equivalent amount from the Commonwealth Bank under market rate loan facilities secured by first registered mortgage of the property located at 13A Stanton Road, Seven Hills. The term of the Commonwealth Bank loan is 3 years, maturing on the 19th October 2018. In January 2017, upon sale of the Seven Hills Industrial property, the CBA loan was repaid in full.

Other loans receivable and payable

In October 2015, PPK (CC) Pty Ltd (wholly owned subsidiary) acquired loans receivable totalling \$2.647M owed by Couran Cove Holdings Pty Ltd ATF CCH trust and secured by real property located at Couran Cove Resort, South Stradbroke Island. There are multiple loan agreements comprising the loans receivable with interest of 14% per annum. These loans were repaid in full in September 2016, with principal and interest proceeds totalling \$2.905M.

As funding for the transaction above, PPK borrowed \$2.000M and \$1.000M from Atkone Pty Ltd and Contemplator Pty Ltd, respectively, at 10% interest per annum on 2 year terms expiring September 2017. The loans are secured by General Security Agreements over the assets of PPK (CC) Pty Ltd and PPK Investment Holdings Pty Ltd, together with a Guarantee & Indemnity from PPK Group Limited and PPK Investment Holdings Pty Ltd. During the year a further \$0.450M was borrowed and \$2.225M was repaid leaving outstanding borrowings of \$1.225M at 30 June 2016. A further \$0.275M was advanced post year end and in September 2016 these loans were repaid in full.

Nowra facility closure

In December 2014, PPK completed the acquisition of the Firefly business. Operating from a base at Mt Thorley, Firefly sells, services and hires a range of mobile pneumatic (air) powered products for the mining industry. The Firefly business complements PPK's existing Rambor pneumatic products business. Post-acquisition, PPK consolidated Rambor's operations at Nowra into both the Firefly Mt Thorley facility and PPK's Port Kembla centre. This process was completed in early FY 2016 and accordingly the Nowra facility was closed, generating considerable cost savings across the combined businesses.

PPK GROUP LIMITEDNotes to and Forming Part of the Accounts
For the Half-Year Ended 31 December 2015

	31 December 2015 \$000s	31 December 2014 \$000s
Note 6.	Revenue, Other Income & Expenses from Operations	
(a) REVENUE		
Mining equipment sale / service / hire	13,324	15,712
Rental income from investment properties	291	1,094
Interest receivable	343	834
Dividends received - other parties	-	22
	<u>13,958</u>	<u>17,662</u>
(b) OTHER INCOME		
Net gain on disposal of property, plant & equipment	-	168
Net gain on sale of available-for-sale financial assets	-	157
Net gain on sale of subsidiaries	-	1,894
Sundry Income	6	21
	<u>6</u>	<u>2,240</u>
(c) SHARE OF PROFIT FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		
Share of profit from associates accounted for under the equity method	-	45
(d) EXPENSES		
Amortisation - intangibles	9	113
Cost of sales / service / hire - mining equipment	6,651	6,633
Depreciation - investment properties	21	128
- plant and equipment	602	549
	<u>623</u>	<u>677</u>
Interest paid	392	998
Employee share-based payment expense	103	70
Warranty costs	84	(243)
Inventory write-down	376	(261)
Impairment of available-for-sale financial assets	-	556
Doubtful debts - trade receivables	140	66
Defined contribution superannuation expense	548	441
Employment benefit expense	6,383	6,304
Net loss on disposal of property, plant & equipment	34	-
Rental expense on operating lease	2,088	2,113

Note 7. Dividends**Dividends paid**

Nil ordinary dividends were paid (2014 Final ordinary dividend of 2.0 cents per share paid - 100% franked)	-	1,453
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Dividends declared after half year ended 31 December 2015

Nil Interim ordinary dividends were declared (2014 Interim ordinary dividend of 1.50c per share - 100% franked)	-	1,090
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The relevant dates for the dividend declared after 31 December 2014:

Declaration date:	19 February 2015
Record date:	31 March 2015
Payment date:	30 April 2015

The group has sufficient franking credits to allow up to \$4.636M in dividends to be distributed as fully franked from franking credits that exist at 31 December 2015 (2014: \$5.525M).

Note 8. Earnings Per Share

	Cents	Cents
Basic earnings per share	(8.6)	1.8
Diluted earnings per share	(8.6)	1.4
	<u>\$000s</u>	<u>\$000s</u>
(a) Reconciliation of Earnings to Net Profit/(Loss) attributable to owners of PPK Group Ltd		
Earnings used in calculating Basic EPS	(4,994)	1,021
Earnings used in calculating Diluted EPS	(4,994)	1,021
	<u>Number</u>	<u>Number</u>
(b) Weighted average number of ordinary shares outstanding during the period		
used in calculation of basic EPS	57,814,570	57,147,903
used in calculation of diluted EPS	57,814,570	72,647,903

(c) Classification of Securities

For the period ended 31 December 2015 15.5 million loan plan shares were excluded from the computation of diluted earnings per share as they would have resulted in a decrease in loss per share for continuing operations.

PPK GROUP LIMITED
Notes to and Forming Part of the Accounts
For the Half-Year Ended 31 December 2015

	31 December 2015 Number	30 June 2015 Number
Note 9.		
Ordinary Shares on Issue		
Movement in number of ordinary shares		
Number of securities on issue at beginning of period	72,647,903	72,647,903
New share issue - share plan and loan	666,667	-
	<hr/>	<hr/>
	73,314,570	72,647,903
	<hr/>	<hr/>
	\$000s	\$000s
Movement in share capital		
Balance at the beginning of the financial period	34,125	33,731
Treasury shares - share and loan plan	-	542
Treasury shares - employee share plan	-	(148)
Share Issue - share based payment	500	-
	<hr/>	<hr/>
	34,625	34,125
	<hr/>	<hr/>

Note 10. **Share Option Reserve**

In accordance with the terms of a business combination that occurred in October 2014, the vendor employee may receive \$1.000M in PPK ordinary share capital. As per this agreement, the vendor was issued 0.667M shares on 16 October 2015. Subject to meeting certain performance conditions and remaining an employee during the vesting period, the vendor will receive an additional \$0.500M in shares on 16 October 2016.

The terms and condition of the contract effectively makes the agreement a share options instrument under *AASB 2 Share-based Payments* and does not form part of the consideration paid for the Exlec acquisition in accordance AASB 3 Business Combinations. The fair value of the options at issue date is deemed to represent the value of employee services received over the vesting period, recognised as a proportional share-based payment expense during each reporting period, with the corresponding credit taken to a Share Option Reserve.

	31 December 2015 \$000s	30 June 2015 \$000s
Movement in Share Option Reserve		
Balance at the beginning of the financial period	1,735	1,408
Share based payment expense	103	327
Shares allocated under agreement	(500)	-
	<hr/>	<hr/>
	1,338	1,735
	<hr/>	<hr/>

Options

There were no options outstanding at balance date.

Note 11. **Events after the Reporting Date**

Onerous Lease

On 27 June 2016, Glegra Pty Ltd ATF The Coaltram Trust (TCT) being a PPK director related entity (refer related party disclosures) acquired the rights and obligations of the lessor on arms-length commercial terms. At 30 June 2016, total liabilities recognised in relation to the lease were \$2.840M comprising \$1.210M unpaid lease payments (rental arrears) and \$1.630M onerous lease provision. PPK has paid TCT rental arrears to 31st August 2016 and subsequent monthly amounts remain outstanding as mutually agreed between PPK and TCT.

Other loans receivable and payable

In October 2015, PPK (CC) Pty Ltd (wholly owned subsidiary) acquired loans receivable totalling \$2.647M owed by Couran Cove Holdings Pty Ltd ATF CCH trust and secured by real property located at Couran Cove Resort, South Stradbroke Island. These loans were repaid in full in September 2016, with principal and interest proceeds totalling \$2.905M.

Further to an outstanding non-bank loan payable of \$1.225M as at 30 June 2016, in relation to the refinancing of the above transaction, an additional \$0.275M was advanced post year end and the full amount of these loans was repaid in September 2016.

In May 2017, secured loans of \$1.25M were received from entities associated with PPK Director Glenn Molloy. Loan proceeds were used to repay the Mt Thorley premises vendor loan of \$1.037M and the balance for capital expenditure and net working capital purposes. These loans were provided under a one year term and attract interest of 10% per annum. The loans are secured by a first ranking mortgage over the property located at 25 Thrift Close Mt Thorley and General Security Agreements and Specific Security Agreements for entities related to these premises or the Firefly business operating from these premises.

Sale of Industrial Property and Debt repayment

In January 2017, the Seven Hills (NSW) Investment property was sold for \$7.875M resulting in a profit on sale of \$4.433M. Proceeds on sale were used to repay the Commonwealth Bank market rate loan of \$2.729M and Neruj Pty Ltd ATF Wemole Funding Trust loan of \$3.195M (inclusive of interest and further advances from initial loan of \$2.550M).

Share Portfolio

PPK's share portfolio is materially comprised of one key ASX listed stock, being Eureka Group Holdings (EGH). As at 30 June 2015, the EGH share price was \$0.51 and PPK held 6.450M shares at a value of \$3.290M. During the FY16 year 4.032M EGH shares were sold at an average price of \$0.646 per share, resulting in gross proceeds of \$2.603M. Furthermore, to date in FY17, 2.038M shares have been sold at an average price of \$0.379 per share, for proceeds of \$0.772M. The total EGH shareholding remaining as at the 12th June 2017 was 0.400M shares at \$0.36.

PPK GROUP LIMITED
Notes to and Forming Part of the Accounts
For the Half-Year Ended 31 December 2015

Note 11. Events after the Reporting Date (Cont'd)

Shares based payment and new share issue

Further to the share based payment in note 10, in accordance with the terms of a business combination in October 2014, the vesting conditions for the second tranche of \$0.500M shares due on 16 October 2016 were not met and accordingly no shares were issued.

Employee Share and Loan Plan

The Group provided certain key executives with a non-recourse loan to pay for the shares, which expired 27 April 2017. The outstanding loan balance has not been repaid (pursuant to the non-recourse terms) and PPK is considering its options to sell or buy-back/cancel these shares.

No other matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the Consolidated Financial Statements that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Note 12. Segment Information

- The **Investment properties** segment owns one industrial property.
- The **Investing** segment owns primarily listed and some unlisted investments, it has also made loans from which interest is earned. Investments in associate entities are included in this segment.
- The **Mining Equipment** segment design, manufacture, service support, distribute and hire underground coal mining equipment, COALTRAM vehicles, alternators, electrical equipment, drilling and bolting equipment and mining consumables.

Half Year ended 31 December 2015

Business Segments	Investment Properties \$000s	Investing \$000s	Mining Equipment \$000s	Total \$000s
Primary Segment				
Sales revenue	-	-	13,324	13,324
Rental income	291	-	-	291
Sundry income	-	6	-	6
Interest received	-	343	-	343
Total revenue and other income	291	349	13,324	13,964
Segment result	279	265	(3,936)	(3,392)
Reconciliation of segment result to net profit/(loss) attributable to owners of PPK Group Ltd				
Amounts not included in segment result but reviewed by the Board				
Share of profit from associates accounted for using the equity method				-
Share-based payment expense				(103)
Unallocated corporate income & expenses				(1,217)
Unallocated interest expense				(392)
Consolidated operating profit/(loss) before income tax				(5,104)
Non-controlling interests share of after tax profit/(loss)				(23)
Income tax (expense)				133
Consolidated operating profit/(loss) after income tax attributable to owners of PPK Group Ltd				(4,994)
	Investment Properties \$000s	Investing \$000s	Mining Equipment \$000s	Total \$000s
Segment Assets	4,857	12,623	22,843	40,323
Unallocated				168
Total Assets				40,491
Segment Liabilities	3,669	5,614	9,130	18,414
Unallocated				1,338
Total Liabilities				19,752

PPK GROUP LIMITED
Notes to and Forming Part of the Accounts
For the Half-Year Ended 31 December 2015

Note 12.

Segment Information (Cont'd)

Half Year ended 31 December 2014 Business Segments	Investment Properties	Investing	Mining Equipment	Total
	\$000s	\$000s	\$000s	\$000s
Primary Segment				
Sales revenue	-	-	15,712	15,712
Rental income	1,094	-	-	1,094
Gain on sale of investment property	168	-	-	168
Gain on sale of subsidiary	1,894	-	-	1,894
Gain on sale of available-for-sale financial assets	-	157	-	157
Gain on bargain sale	-	-	1,636	1,636
Sundry income	-	4	17	21
Interest received	-	834	-	834
Dividends received	-	21	-	21
Total revenue and other income	3,156	1,016	17,365	21,537
Segment result	2,992	450	1,237	4,679
Reconciliation of segment result to net profit attributable to owners of PPK Group Ltd				
Amounts not included in segment result but reviewed by the Board				
Share of profit from associates accounted for using the equity method				45
Share-based payment expense				(70)
Unallocated corporate income & expenses				(2,347)
Unallocated interest income & expense				(998)
Consolidated operating profit before income tax				1,309
Non-controlling interests share of after tax profit/(loss)				(156)
Income tax (expense)				(132)
Consolidated operating after income tax attributable to owners of PPK Group Ltd				1,021
	Investment Properties	Investing	Mining Equipment	Total
	\$000s	\$000s	\$000s	\$000s
Segment Assets				
Unallocated	5,087	14,743	24,667	44,497
Total Assets				44,826
Segment Liabilities				
Unallocated	3,453	3,156	11,891	18,500
Total Liabilities				19,821

Note 13.

Contingent Liabilities / Assets

Cross guarantees of the Groups banking and finance facilities total \$8.135M (2015: \$5.962M) of which \$8.135M (2015: \$5.022M) was drawn at balance date. The Group had bank guarantees which were released during the year relating to arrangements at the Tomago and Port Kembla premises. The Group now has one bank guarantee of \$0.140M which is 100% secured by a cash deposit of the same amount (2015: \$0.986M).

Non bank guarantees and indemnities include:

Unlimited Guarantee and Indemnity from PPK Group Limited and PPK Mining Equipment Group Pty Ltd in relation to the 7 leased Coaltrams.

Unlimited Guarantee and Indemnity from PPK Group Limited in relation to the Tomago leased premises.

Guarantee and Indemnity of \$0.500M from PPK Group Limited in favour of a key Coaltram parts supplier in relation to trade credit account.

Guarantee and Indemnity from PPK Group Limited in relation to the leased motor vehicle fleet.

Note 14.

Fair value measurement of financial instruments

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for financial instruments, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 - a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

Assets		Level 1	Level 2	Level 3	Total
31 December 2015					
Available-for-sale financial assets					
Listed equity securities	(a)	4,169	-	-	4,169
		4,169	-	-	4,169
30 June 2015					
Available-for-sale financial assets					
Listed equity securities	(a)	3,533	-	-	3,533
		3,533	-	-	3,533

(a) Listed Securities

Fair values have been determined by reference to their quoted bid prices at reporting date.

Note 15.

Business Combinations

Summary of Acquisitions

During the period, there were nil acquisitions. In the December 2014 comparative period, PPK Group acquired three businesses, being Monex, Exlec and Firefly, as outlined in the 30 June 2015 Annual Report.

PPK GROUP LIMITED
Notes to and Forming Part of the Accounts
For the Half-Year Ended 31 December 2015

Note 16. Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions are inclusive of GST.

	31 December	30 June
	2015	2015
	\$000s	\$000s
Transactions with related parties:		
The Group has secured a loan from Neruj Pty Ltd atf Wemole Funding Trust. PPK Directors, Mr Glenn Molloy, Mr Graeme Webb & Mr Robin Levison share beneficial ownership and control of this entity.		
Loan advanced to Group	2,300	-
Interest capitalised to Loan Balance	54	-
Balance Outstanding	2,354	-
The Group has made loans to Couran Cove Holdings Pty Ltd ATF CCH trust. Mr Glenn Molloy was a Director and beneficiary of the CCH Trust. The loan was repaid in September 2016.		
Loan advanced	2,647	-
Interest capitalised to Loan Balance	73	-
Balance Outstanding	2,720	-
The Group has made loans to the ASX-listed entity SubZero Group Limited. Mr Glenn Molloy was a Director of SubZero Group Limited from April 2013 to November 2013. The loan was repaid on 2 August 2014.		
Loans advanced	-	78
Interest paid and credited to loan	-	2
Loans repaid	-	(80)
Balance outstanding	-	-
Directors and key management personnel and their related entities had made loans to the Easy Living Unit Trust (ELUT). The loans were secured by a second mortgage over property held by the trust on interest free terms. Prior to its disposal on 30 September 2014, The Easy Living Unit Trust was a subsidiary of the Group by virtue of its 50% ownership interest.		
Balance at start of year	-	275
Total advanced to the Group	-	275
Trust distribution credited to loan	-	22
Loan capitalisation to trust units	-	(297)
Balance outstanding	-	-
Directors and key management personnel and their related entities had made loans to the Easy Living Bundaberg Unit Trust (ELBUT). The loans were secured by a second mortgage over property held by the trust on interest free terms. Prior to its disposal on 30 September 2014, the Easy Living Bundaberg Trust (ELBT) is a subsidiary of the Group by virtue of its 50% ownership interest.		
Balance at start of year	-	334
Total advanced to the Group	-	334
Trust distribution credited to loan	-	45
Loan capitalisation to trust units	-	(379)
Balance outstanding	-	-
Directors and key management personnel and their related entities had made interest-free secured loans to the SLOT Loan Trust. The SLOT Loan Trust is a subsidiary of the Group by virtue of its 51% voting interest. During the period ended 31 December 2015, the SLOT Loan Trust repaid all lenders.		
Balance at start of year	891	875
Loans repaid by the Group	(932)	(138)
Total advanced to the Group	-	737
Trust distribution credited to loan	41	154
Balance outstanding	-	891
Transactions with associates		
Interest receivable from associates		
PPK Willoughby Funding Unit Trust	901	2,624
Nerang Street Southport Project Trust	101	101
	1,002	2,725
Loans and receivables from associates		
Current		
PPK Willoughby Funding Unit Trust ^[1]	3,101	4,818
Nerang Street Southport Project Trust	869	840
	3,970	5,658

^[1] The carrying value of the Loan receivables in the Group Financials has been reduced by an impairment provision of \$0.123M.

**PPK GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 65 003 964 181**

DECLARATION BY DIRECTORS

The directors of the company declare that:

- a. The accompanying financial statements and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
- b. In the director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



ROBIN LEVISON
Executive Chairman

Dated this 23rd day of June 2017

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PPK GROUP LIMITED

We have reviewed the accompanying half-year financial report of PPK Group Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of PPK Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PPK Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PPK Group Limited is not in accordance with the *Corporations Act 2001*, including:

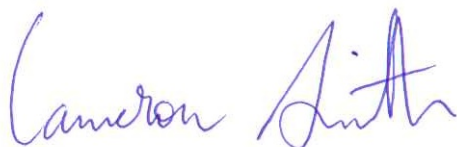
- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 to the financial statements, which indicates that the group incurred a loss after tax of \$4,971,000 for the half-year ended 31 December 2015, and net operating cash outflows of \$4,397,000 for the year then ended. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Cameron Smith
Partner – Audit & Assurance

Brisbane, 23 June 2017